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15 Attorneys for Protestant COUNTY OF IMPERIAL

16 **STATE OF CALIFORNIA**

17 **STATE WATER RESOURCES CONTROL BOARD**

18 JOINT PETITION OF (IMPERIAL IRRIGATION)  
19 DISTRICT AND SAN DIEGO WATER)  
20 AUTHORITY FOR APPROVAL OF LONG-TERM)  
21 TRANSFER OF CONSERVED WATER, ETC.)  
22 UNDER PERMIT NO. 7643 (APPLICATION NO.)  
23 7482) )  
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29 **COUNTY OF IMPERIAL**

30 **EXHIBIT 3**

31 **WRITTEN TESTIMONY OF STEVEN E. SPICKARD**

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**WRITTEN TESTIMONY OF STEVEN E. SPICKARD**

1. My name is Steven E. Spickard, AICP, and I am a Senior Vice President of Economics Research Associates (ERA) an international consulting company specializing in land use economics. I have prepared this testimony in conjunction with William R. Anderson, Vice President of ERA. Mr. Anderson is prepared to present this testimony in the event that I cannot attend the hearing of the State Water Resources Control Board (SWRCB). I am based in ERA's San Francisco office, and Mr. Anderson is based in ERA's San Diego office.
  
2. I have a master's degree in city and regional planning and a bachelor degree in economics, both from the University of California at Berkeley. I have conducted and managed economic impact studies at ERA for over 23 years. Mr. Anderson has a master's in city and regional planning from Harvard University, a bachelor in economics and political science from Claremont McKenna College, and has been with ERA for over 15 years. Mr. Anderson has extensive experience with economic development analyses in the US/Mexican border region. A copy of my resume is attached as Attachment A, and a copy of Mr. Anderson's resume is attached as Attachment B.
  
3. ERA has been retained by Imperial County to conduct an investigation of the socio-economic impacts of the proposed IID-SDCWA water transfer. The first phase is to conduct an initial

1 review of documents pertaining to the proposed transfer of water from IID to SDCWA and to  
2 comment on the Draft EIR/EIS. Although preliminary in nature to date, ERA is continuing this  
3 phase of our investigations to produce more extensive analysis by the close of the EIR/EIS  
4 comment period on April 26<sup>th</sup>. If the SWRCB is able and willing to receive updated testimony  
5 in the course of its hearings on the proposed water transfer, ERA will with leave of the hearing  
6 officer present the further results of our investigation.  
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10 4. The following materials are those that ERA has reviewed to date in this investigation:

- 11 • Ch2M Hill, *IID Water Conservation and Transfer Project/Draft Habitat Conservation Plan:*  
12 *Draft EIR/EIS*, Sections 1, 2, 3.6, 3.14, Appendix G.
- 13 • CIC Research, Inc., *Independent Analysis of the Economic Impact Studies in the IID Water*  
14 *Conservation and Transfer Project EIR/EIS*, Draft March 15, 2002.
- 15 • Dornbusch Associates, *Evaluation of IID Grower Market Power*, February 20, 2002, (and  
16 written testimony of James P. Merchant).
- 17 • *Summary of IID/SDCWA Transfer Agreement*, Revised as of 12/18/01.
- 18 • *Written testimony of Jesse P. Silva in support of IID-SDCWA Joint Long-Term Transfer*  
19 *Petition*, to the State Water Resources Control Board.  
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24 5. According to the Draft EIR/EIS analysis the aggregate socioeconomic impacts of the proposed  
25 action could produce 250 additional jobs or could cause the loss of 2,460 jobs. There is a  
26 significant difference between these outcomes. This range of continuing uncertainty implies an  
27 inadequate treatment of the subject to date. Questions for further study include: Can the likely  
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1 outcomes of IID policy and individual farmer business decision-making be modeled more  
2 accurately? Can decisions be mandated as part of a mitigation program (e.g., can farmers be  
3 required to make on farm improvements as a condition of receiving transfer funds)?  
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7 6. The EIR/EIS identifies a potential job loss of 1,400 due to transfer and conservation by  
8 fallowing alone. What are the fiscal costs of increased unemployment (e.g., job training, crime,  
9 assistance payments)? Do mitigation measures need to be designed to address these costs?  
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12 7. The socioeconomic analysis assumes that all transfer funds not utilized by IID for conservation  
13 or environmental mitigations will be paid to farmers. Of the after-tax income realized by  
14 farmers, 50% is assumed to leak out of the county and 50% is assumed to be spent locally,  
15 further generating multiplier expansion effects (pages 3.14-13 and G-12). Is this 50%/50%  
16 assumption reasonable? In the case where conservation improvements are made, there may not  
17 be a significant amount of funds left over for farmer discretion, but in the cases of all fallowing,  
18 the majority of transfer funds become subject to this 50%/50% assumption. A 10%/90% or  
19 90%/10% alternative assumption could generate dramatically different economic impact  
20 estimates. A basic spreadsheet model could be developed to conduct sensitivity testing of this  
21 assumption. If changes in the input assumption lead to significantly different results, further  
22 research may be necessary to estimate a more likely flow of funds through the Imperial County  
23 economy.  
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1 8. In the cases of fallowing, the analysis assumes crops will be fallowed in proportion to the  
2 historical pattern of crops grown in the valley. The CIC review notes that selectively fallowing  
3 fields by type of crop based on water consumption and crop value could be used to mitigate  
4 some of the socioeconomic impacts. In other words, instead of historical ratios of crop types,  
5 value/acre or labor(jobs)/acre could be used to make fallowing decisions. ERA would like to  
6 point out that left to their own decision-making, farmers would be more likely to fallow based  
7 on profit/acre or profit/acre-foot of water (which may or may not be correlated with jobs/acre).  
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11 9. The above questions are illustrative of existing adequacies in the socio-economic assessment to  
12 date, and do not reflect all the observations that ERA will be able to make by the time it  
13 concludes the first phase of its evaluation. Following the first phase, ERA will then determine  
14 what additional research will be necessary to secure an adequate and meaningful assessment of  
15 socio-economic impacts and identification of mitigation measures and techniques. Depending  
16 on the outcome of that additional research effort, the third phase of our investigation would  
17 then endeavor to perform the research and analysis needed to produce an independent and  
18 credible socio-economic assessment -- one that could form the basis of formulating and  
19 applying measures to address the impacts to "third parties" of a socio-economic nature.  
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24 I declare under penalty of perjury that the foregoing is true and correct. Executed on April 10,  
25 2002, at San Francisco, California.  
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STEVEN E. SPICKARD

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